



## Information Partners Can Use on:

# VETERANS' ADMINISTRATION BENEFITS

## New Medicare Prescription Drug Coverage

As of August 16, 2005

**If you have Medicare and receive Department of Veterans Affairs (VA) health care benefits, you need to know**

1. Starting January 1, 2006, Medicare prescription drug coverage becomes available to everyone with Medicare.
2. You may qualify for extra help paying for your Medicare prescription drug costs.
3. You have several factors to consider when deciding whether to enroll in a Medicare prescription drug plan.

### 1. What is a Medicare prescription drug plan?

Medicare prescription drug coverage soon becomes available to everyone with Medicare. Medicare prescription drug plans provide insurance coverage for prescription drugs. These plans will be offered by insurance companies and other private companies. Plans will cover both generic and brand-name prescription drugs. You can choose a plan that meets your needs.

There are two types of Medicare prescription drug plans:

- There will be prescription drug plans that add coverage to the Original Medicare Plan (fee-for-service), Medicare Private Fee-for-Service Plans that don't offer prescription drug coverage, and Medicare Cost Plans.
- There will also be prescription drug coverage that is part of Medicare Health Plans (Medicare Advantage and other Medicare Health plans). You would get all of your Medicare health care and prescription coverage through these plans.

For most people, joining now means you will pay a lower monthly premium and not face a premium penalty than if you wait to join later. **It is important**

to note that as VHA enrollees, you are not subject to the higher premium if you decide to join a Medicare drug plan at a later date. You can join a plan beginning November 15, 2005.

### 2. Do you qualify for extra help paying prescription drug costs?

You may qualify if you have limited income and resources. If you have Medicaid, a Medicare Savings Program, or SSI, you will automatically receive extra help and do NOT need to apply for it. Others will need to apply for it.

#### What are the Medicare income limits?

- If your annual household income is below \$14,355 (or \$19,245 if you are married and living with your spouse), you may qualify. These amounts may be higher if
  - you provide at least half of the support of other relatives living in your household or
  - you reside in Alaska or Hawaii, or
  - you are working

There are also income exclusions for the working blind and disabled.

#### What are the Medicare resource limits?

- To get the extra help with Medicare prescription drug plan costs your countable resources generally must be valued below \$11,500 (or \$23,000 if you are married and living with your spouse). The resource limits include \$1,500 per person for burial expenses. Resources include the value of things you own. Some examples of countable resources are
  - real estate (other than your primary residence)
  - bank accounts, including checking, savings and certificates of deposit
  - stocks

- bonds, including U.S. Savings Bonds
  - IRAs
  - mutual funds
  - cash at home, or anywhere else
- Some things are not counted as resources, such as
- your primary residence
  - your vehicle(s)
  - your household goods and personal possessions
  - resources you could not easily convert to cash, such as farm machinery and livestock, jewelry and home furnishings
  - money conserved for medical and social services
  - federal income tax refunds
  - property you need for self-support such as rental property, or land you use to grow produce for home consumption
  - life insurance policies owned by an individual with a combined face value of \$1,500 or less. An individual and spouse could have a total of \$3,000.

Starting the end of May and through August 16, 2005, the Social Security Administration is sending people with certain incomes an application for extra help paying for Medicare prescription drug coverage. If you think you may be eligible, fill out the application and return it in the postage paid envelope. If you don't get an application in the mail, you can request one by calling SSA at 1-800-772-1213. Beginning July 1, 2005, you can go to [www.socialsecurity.gov](http://www.socialsecurity.gov) on the web to apply online. After you apply, you will get a notice in the mail that tells you if you qualify for extra help.

SSA's application process provides you with the quickest decision. You can also go to your local Medicaid office and apply. Your state will determine if you qualify for the extra help, or other assistance your state provides.

### 3. What if I currently get my medications from the Veterans Health Administration?

In deciding whether or not to join a Medicare drug plan, you may wish to consider a number of factors such as:

- if you live in a nursing home,
- if your VA facility is nearby,
- where you want to get your medical care, and
- where you want to fill your prescriptions, to help you make the best choice for you.

#### Nursing home resident:

- You may benefit from Medicare prescription drug coverage if you live in or move into a nursing home that doesn't let you use or access your current VA drug benefits, and you expect to be there for some time. Then you may want to apply for extra help and enroll in a Medicare prescription drug plan.

**Example:** Sam lives in a nursing home that doesn't let him use his VA benefits. He decides to apply for Medicare's extra help and enroll in a Medicare drug plan so his prescription drugs will be covered by Medicare.

#### VA facility is far away:

- You may benefit from Medicare prescription drug coverage if you live a long way from the nearest VA medical facility and you would prefer to receive your medical care from local providers and your prescription drugs from local pharmacies. Then you may want to apply for extra help, if you think you may be eligible, and enroll in a Medicare prescription drug plan.

- With VA drug coverage, in most cases you must fill your prescriptions through a VA pharmacy, either in person or by mail through VA's Consolidated Mail Outpatient Pharmacy Program (CMOP). If you want the flexibility to get your prescriptions filled from other pharmacies, you may want to enroll in a Medicare drug plan.

**Example:** Joe lives 100 miles from the nearest VA facility and he finds the drive to be too much for him to seek routine medical care. He decides to apply for Medicare's extra help and enroll in a Medicare drug plan so he can receive medical care from a local physician and his prescription drugs from a local pharmacy.

#### VA works for you:

- If you decide that VA meets your needs and you decide not to join a Medicare drug plan now, you won't have to pay a higher monthly premium for your Medicare drug plan if you change your mind and decide to join a Medicare drug plan later.

**Example:** Maxine uses her local VA facility for her medical care and receives her drugs from VA's Consolidated Mail Outpatient Pharmacy Program (CMOP). She decides to stay with VA and not enroll in a Medicare drug plan at this time. If Maxine changes her mind, she can enroll in a Medicare drug plan during an annual open enrollment period, which runs from November 15–December 31 of each year.

4. Can I use both VA and Medicare to cover my prescription drugs?

**Answer:** Yes, you may have both, but you won't be able to have a single prescription covered by both programs. If you want to have both VA and Medicare, you can choose on a prescription by prescription basis whether to get it written and filled under the VA or Medicare, but the prescription can not be covered by both plans at once. If a prescription is filled by a Medicare drug plan, it will not go to VA for any additional payment.

VA practitioners write and VA fills their prescriptions—it is a self-contained system. VA will not bill Medicare for prescriptions written by their practitioners. Except under very limited circumstances, VA does not fill prescriptions written by non-VA practitioners.

Quick Comparison of VA and Medicare drug benefits:	
VA Copayments	Medicare Copayments
<p>For certain high priority veterans, including those with low incomes (below VA pension thresholds), the VA waives medication copayments. There is a \$7 co-pay for each 30-day or less supply of medication; it does not vary by drug. VA caps patient medication co-payments at \$840 annually for some veterans.</p> <p>VA has no deductible.</p>	<p>If you are low income and receive the full Medicare low income subsidy, your Medicare copayment will be \$2 or \$5 (generally \$2 for generics and \$5 for brand name drugs). The Medicare co-payment will be for each prescription, whether it is for a 30, 60, or 90 day supply of medication.</p> <p>If you are not low income, your cost-sharing for a prescription will vary according to your drug plan. After you meet the \$250 annual deductible, your cost-sharing will be 25% of the drug's price until you reach the initial coverage limit of \$2,250. Your cost-sharing above the initial coverage limit is 100% until you spend \$3,600 out of pocket after which your cost-sharing is 5% or \$2/\$5 copays.</p>
VA Premiums	Medicare Premiums
<p>There is no premium for VA drug benefits</p>	<p>Beneficiaries with limited incomes and resources will have all or a portion of their monthly Medicare drug plan premium paid for them. For those who do not receive extra help from Medicare, the monthly Medicare premium for a drug plan will be about \$32.</p>

## For more information about Medicare prescription drug coverage...

Read the "Medicare & You 2006" handbook you get in the mail in October 2005. It will include more detailed information about Medicare prescription drug plans, including which plans will be available in your area. After that time, if you need help choosing a Medicare prescription drug plan that meets your needs, you can

- Visit [www.medicare.gov](http://www.medicare.gov) on the web and select "search tools" to get personalized information.
- Call your State Health Insurance Assistance Program (SHIP). (See your copy of the "Medicare & You 2006" handbook for their telephone number) You can also call 1-800-MEDICARE (1-800-633-4227), or look at [www.medicare.gov](http://www.medicare.gov) on the web to get their telephone number. TTY users should call 1-877-486-2048.
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## For more information about VA Health Care Benefits...

- Visit [www.va.gov/healtheligibility](http://www.va.gov/healtheligibility) on the web or;
- Call the VA Health Benefits Service Center at 1 877-222-VETS (8387) or visit your local VA medical facility

There are programs for people with limited income and resources who live in Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa. Programs vary in these areas. To find out more about their rules, call your State Medical Assistance Office, visit [www.medicare.gov](http://www.medicare.gov) on the web or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.